

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Kimball Highland, located at 14th Street & Kimball Way at F Avenue and 1221 D Avenue in National City, requested and is being recommended for a reservation of \$3,926,999 in annual federal tax credits to finance the new construction of 143 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 40 and Assembly District 80.

Kimball Highland's financing includes state funding from the MIP through CalHFA.

Project Number CA-21-732

Project Name	Kimball Highland	
	Site 1	Site 2
Site Address:	14th Street & Kimball at F Avenue	1221 D Avenue
	National City, CA 91950	National City, CA 91950
Census Tract:	117.00	117.00
County:	San Diego	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,926,999	\$0
Recommended:	\$3,926,999	\$0

Applicant Information

Applicant: D Avenue Housing Associates, L.P.
Contact: Mary Jane Jagodzinski
Address: 3111 Camino del Rio North, Suite 800
San Diego, CA 92108
Phone: (619) 450-8710
Email: mjag@chworks.org

General Partner(s) or Principal Owner(s):	CHW D Avenue LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Community HousingWorks
Developer:	Community HousingWorks
Bond Issuer:	CalHFA
Investor/Consultant:	California Housing Partnership
Management Agent:	ConAm Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 145
 No. / % of Low Income Units: 143 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 15	10%
50% AMI: 15	10%
60% AMI: 88	62%
70% AMI: 25	17%

Unit Mix

12 SRO/Studio Units
30 1-Bedroom Units
64 2-Bedroom Units
39 3-Bedroom Units
<u>145 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 SRO/Studio	30%	\$636
1 SRO/Studio	50%	\$1,061
5 SRO/Studio	60%	\$1,273
3 SRO/Studio	70%	\$1,485
3 1 Bedroom	30%	\$682
3 1 Bedroom	50%	\$1,136
18 1 Bedroom	60%	\$1,364
6 1 Bedroom	70%	\$1,591
6 2 Bedrooms	30%	\$818
7 2 Bedrooms	50%	\$1,363
39 2 Bedrooms	60%	\$1,636
10 2 Bedrooms	70%	\$1,909
3 3 Bedrooms	30%	\$945
4 3 Bedrooms	50%	\$1,575
26 3 Bedrooms	60%	\$1,890
6 3 Bedrooms	70%	\$2,205
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,202,688
Construction Costs	\$51,930,597
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,596,530
Soft Cost Contingency	\$449,095
Relocation	\$0
Architectural/Engineering	\$3,285,660
Const. Interest, Perm. Financing	\$5,677,639
Legal Fees	\$140,000
Reserves	\$720,405
Other Costs	\$4,487,257
Developer Fee	\$9,226,107
Commercial Costs	\$0
Total	\$83,715,978

Residential

Construction Cost Per Square Foot:	\$317
Per Unit Cost:	\$577,352
True Cash Per Unit Cost*:	\$577,352

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America Tax Exempt Loan	\$41,452,000	CalHFA Tax Exempt Loan	\$22,780,000
Bank of America Taxable Loan	\$17,520,191	CalHFA MIP Loan	\$6,095,000
National City Ground Lease Note	\$3,000,000	National City Ground Lease Note	\$3,000,000
National City Loan	\$9,295,000	National City Loan	\$9,295,000
Costs Deferred Until Conversion	\$2,061,718	GP Equity	\$7,026,107
GP Equity	\$7,026,107	Tax Credit Equity	\$35,519,871
Tax Credit Equity	\$3,360,962	TOTAL	\$83,715,978

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$75,519,220
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$98,174,986
Total Maximum Annual Federal Credit:	\$3,926,999
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,226,107
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.90450

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.